

Council, 7 February 2018

Developing Key Performance Indicators (KPIs)

Executive summary and recommendations

Introduction

In January 2018, the Council and Executive participated in a workshop that looked at refining the draft corporate plan and beginning the process of developing corporate Key Performance Indicators (KPIs).

This paper provides a summary and discussion of the outputs from the workshop and invites the Council to discuss a shortlist of possible KPIs.

The Council is invited to discuss the measures included in the shortlist and identify those that they consider are most relevant and critical ('key') to performance at this time. The chosen indicators will then be developed further (i.e. where appropriate, suggested targets proposed) and a final set presented for approval at the March 2018 Council meeting, with a clear, agreed rationale identified for each measure.

Decision

The Council is invited to discuss the attached paper and in particular the shortlist of possible KPIs on pages 4-6.

Background information

- The current approach to performance reporting data and commentary is summarised here from page 72
<http://www.hcpc-uk.org/assets/documents/100054B2Enc04-ChiefExecutivesreport.pdf>
- For reference, December 2017's performance report is available here:
<http://www.hcpc-uk.org/assets/documents/100055F8Enc04-ChiefExecutivesreport.pdf>

Resource implications

Resource implications (which are not significant) include a further paper to the Council at its meeting in March 2018 and incorporating KPIs into regular reporting to the Council.

Financial implications

None

Appendices

Outlined in paper

Date of paper

31 January 2018

Developing key performance indicators (KPIs)

1. Introduction

- 1.1 In January 2018, the Council and Executive participated in a workshop that looked at refining the draft corporate plan and beginning the process of developing corporate Key Performance Indicators (KPIs).
- 1.2 This paper provides a summary and discussion of the outputs from the workshop and invites the Council to discuss a shortlist of possible KPIs.
- 1.3 The Council is invited to discuss the measures included in the shortlist and identify those that they consider are most relevant and critical ('key') to performance at this time. The chosen indicators will then be developed further (i.e. where appropriate, suggested targets developed and proposed) and a final set presented for approval at the March 2018 Council meeting, with a clear rationale identified for each measure.

2. Performance reporting

- 2.1 The current approach to performance reporting involves the following.
 - A narrative Chief Executive's report is considered at each Council meeting (six times a year). This highlights key areas of organisational performance and provides updates about internal or external developments or activities.
 - A performance report is considered by the Council four times a year (March, July, September and December meetings). This includes a consistent data set and commentary (regular and by exception) on performance.
 - Regular reports on performance in some areas are made on a less frequent basis – for example, annual reports are considered on customer service feedback and information governance.
- 2.2 This is in addition to reporting to Committees, where appropriate, and regular reporting at monthly meetings of the Executive Management Team (EMT).
- 2.3 A streamlined approach to performance reporting to the Council - with a reduction of approximately half in the volume of performance data and a more focused approach to performance commentary – was introduced in July 2017.
- 2.4 Once agreed, reporting against the KPIs will be included at the beginning of the performance report. It is anticipated that this would clearly display the performance trend against that KPI (for example, in that reporting period; in the previous reporting period; and compared to the previous year or year-to-date).

- 2.5 The draft corporate plan for 2018-2020 includes as a key deliverable to further review the data set and commentary provided to the Council at each meeting. There may be further scope for reducing the volume of / refining the information provided to the Council.

3. Purpose and scope of KPIs

- 3.1 There was common agreement at the workshop about the purpose and scope of KPIs.

- The purpose of KPIs is to assist the Executive and the Council in identifying changes in performance in key or critical areas that might necessitate further investigation or consideration. No one indicator would give a full picture, rather they would act as a flag to prompt a 'deeper dive'.
- The challenging task of identifying the correct indicators was discussed. It was recognised that (proxy) indicators of quality were desirable but can be far harder to establish than indicators of timeliness and throughput.
- The KPIs put in place would need to be reviewed regularly – at least once every 12 months – and it is common for organisations to change their KPIs from time-to-time.
- There should be no more than approximately 10-12 KPIs, or fewer.
- We need to ensure KPIs are measures of our performance.

- 3.2 Appendix 1 provides a full summary of potential indicators suggested during the course of the workshop.

- 3.3 The above is consistent with the advice of Price Waterhouse Coopers (PWC) that KPIs should be unique to a specific organisation, its context and strategy. They should be those used to manage the 'business' and may be informed (although not dictated) by considering those of peers.¹ The National Audit Office (NAO) similarly emphasise that performance measures should be relevant to what the organisation is aiming to achieve.² To illustrate, our recent performance against the Professional Standards Authority's (PSA's) Standards is likely to influence our current choice of KPIs, as the Council will wish to ensure that they maintain high visibility of relative changes in our performance in this area.

¹ Price Waterhouse Coopers (undated). Guide to Key Performance Indicators

https://www.pwc.com/gx/en/audit-services/corporate-reporting/assets/pdfs/uk_kpi_guide.pdf

² National Audit Office (2016). Performance measurement for regulators.

<https://www.nao.org.uk/wp-content/uploads/2016/11/Performance-measurement-by-regulators.pdf>

- 3.4 PWC advise that 'between four and ten measures are likely to be key for most types of company' which is consistent with the discussion at the workshop. In producing this paper, the two other regulators' approaches we looked at varied in their volume of KPIs from six to 14.
- 3.5 At the workshop, most groups discussed both measures of performance derived from ongoing operational activity (e.g. fitness to practise length of time; employee turnover) as well as the potential for other data to be collected periodically which might provide a more rounded picture of performance (for example, data collected about stakeholder confidence). There was a recognition with reference to the latter that collection of this data can be difficult and there will often be a time lag in data collection so that changes in relative performance will have a longer time horizon.
- 3.6 As part of its performance review, the PSA asks the regulators' to submit quarterly data, covering areas such as a registration, fitness to practise and other corporate data such as the number of successful judicial review applications. In each regulators' report, it publishes a common sub-set of this data, which it calls 'comparator' data. These are not KPIs – there are no targets and the PSA monitors these and other data items to look at relative changes in the performance of each regulator. All these areas are captured in the performance data set and commentary either regularly or in exception. These 'comparators' are included in appendix 2 for reference.

4. Proposed KPIs for discussion and refinement

- 4.1 The following table proposes a shortlist of areas that might be included in KPIs.
- 4.2 The shortlist does not include some potential measures of outcomes / quality such as satisfaction with core processes or confidence in the HCPC. There are numerous examples of data collected across the organisation which is about gathering feedback about satisfaction with our performance in certain areas. At this stage this data either does not exist in an appropriate / robust format for a KPI, has not been collected with a KPI in mind, or is perhaps collected too infrequently for inclusion. This might be an area for future development – for example, the stakeholder market research paper being considered at this Council meeting proposes collecting data of proxy measures of performance. One outcome of this research might be a discussion about the frequency with which some of this data might be collected in the future.

Category	Directorate	Area of performance	Potential indicator	Possible rationale
Timeliness / throughput	Fitness to practise	Length of time – receipt to Investigating Committee Panel (ICP)	% of cases progressed from receipt to ICP within x time period	Fitness to practise is a core regulatory function which accounts for a significant proportion of expenditure. In the 2016-17 PSA performance review we did not meet six standards including those related to interim orders and timeliness of case progression.
		Length of time – receipt to final hearing	% of cases progressed from receipt to final hearing within x time period	
		Length of time – receipt to interim order	% of interim orders imposed within x time period of receipt	
	Registration	Processing time – UK applications	% of UK applications processed within x time period	Registration is a core regulatory function. The two main processes are UK applications and international assessment.
		Processing time – International applications	% of UK applications processed within x time period	
	Education	Length of time – approvals	% of approvals processed within x time period	Education is a core regulatory function. Approvals are considered to be the highest risk area in the Department's work.

Finance and resources	Human resources	Voluntary employee turnover	Voluntary employee turnover – either monitored against an agreed sector benchmark target or the national average; or solely monitored against relative changes (e.g. last reporting period, last year etc.).	Voluntary employee turnover is currently slightly higher than the national average (December 2018 performance report). Employees are central to the organisation's performance.
	Finance	Financial performance such as budget within agreed tolerance	There are a variety of potential indicators area including budget + or – agreed %. Alternatives might be looking at specific types of expenditure or reserve levels	Financial sustainability is a key outcome identified within the draft corporate plan for 2018-20
Outcomes / quality	Fitness to Practise	Outcomes of PSA Section 29 appeals against fitness to practise decisions ³	Number of successful PSA section 29 appeals	A potential proxy measure of quality which could be monitored over time
		Outcomes of High Court / Sheriff Court (Scotland) registrant appeals against fitness to practise decisions	Number of successful court appeals against fitness to practise decisions	A potential proxy measure of quality which could be monitored over time

³ A Section 29 Appeal is an appeal against the final hearing decision of a fitness to practise panel on the basis that the outcome may be insufficient to protect the public

	Registration	Accuracy of the Register	Number of incorrect entries	Incorrect entries are where an error is made in registering someone. A potential proxy measure of quality which could be monitored over time.
		Registration appeals	Number of successful registration appeals	A potential proxy measure of quality which could be monitored over time.

Appendix 1: Indicators suggested at the workshop

The following provides a summary of the main areas in which potential indicators were suggested at the workshop in January 2018.

Category	Area	Indicator	
Timeliness / throughput	Fitness to practise	<ul style="list-style-type: none"> Length of time of cases (end to end and/or broken down by stage) Length of time for interim orders 	
	Registration	<ul style="list-style-type: none"> Processing times for UK and international applications 	
	Education	<ul style="list-style-type: none"> % of approvals completed within X months 	
	Projects	<ul style="list-style-type: none"> Project progress 	
Finance and resources	Human Resources	<ul style="list-style-type: none"> Employee turnover (voluntary) Employee engagement / satisfaction measures Number of sick days 	
	Finance	<ul style="list-style-type: none"> Budget - +/-% 	
Quality / outcomes	Fitness to practise	<ul style="list-style-type: none"> Satisfaction in the fitness to practise process Number of High Court appeals / number of cases challenged by the PSA 	

		<ul style="list-style-type: none"> Quality assurance data on standard of acceptance
	Communications	<ul style="list-style-type: none"> Recognition of HCPC Confidence / satisfaction in HCPC
	Registration	<ul style="list-style-type: none"> Accuracy of the Register (number of incorrect entries) Volume of (successful) registration appeals
Other	Policy and Standards	<ul style="list-style-type: none"> Research impact (no measure suggested)
	Business process improvement	<ul style="list-style-type: none"> Non-conformance to ISO standards
	Risk	<ul style="list-style-type: none"> <u>Number of unidentified risks</u>

Appendix 2 – Professional Standards Authority (PSA) ‘comparators’

Area	Data
Registration	<ul style="list-style-type: none"> • Number of upheld registration appeals • Processing times for UK, EEA and international applications
Fitness to practise	<ul style="list-style-type: none"> • Length of time <ul style="list-style-type: none"> - Receipt to Investigating Committee Panel decision - Receipt to final hearing - Interim orders for receipt of complaint • Outcomes of PSA appeals against fitness to practise decisions
Corporate	<ul style="list-style-type: none"> • No. of data breaches reported to the Information Commissioner’s Office (ICO) • No. of successful judicial reviews